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# South and East Asia Report

No. 1167



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15 July 1982

## SOUTH AND EAST ASIA REPORT

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## CONTENTS

## AUSTRALIA

## Briefs

Anti-Missile System	1
Early Election Predicted	1
Aid to Afghan Refugees	1
Tin Agreement	2
Aid to PRC	2
Wheat Export Figures	2
Alice Springs Oil Flow	2

## INDIA

## Briefs

Motorbike Venture	3
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## INDONESIA

Intergovernmental Group Approves 1982-1983 Loan (ANTARA, 10 Jun 82).....	4
January-April Oil Exports Value Drops (ANTARA, 25 Jun 82).....	6
Subroto Discusses Tin Producers Association Plan (ANTARA, 22 Jun 82).....	7
'INDONESIA TIMES' on Tin Producers Association (Editorial; THE INDONESIA TIMES, 25 Jun 82).....	9
Briefs	
Central Sulawesi Transmigration	11
Irian Jaya Commander	11
Fertilizers Import Difficulty	11
Jakarta Exports	12
Domestic Fuel Oil Consumption	12
Japanese Aid	12

Bangladesh Envoy	13
Australian Press Reports	13
Transmigration Project	13
New Ambassadors Sworn In	13
Cooperation Accords With Saudi	14
Fertilizer Development Accord	14
Benkulu Transmigration	14
 MALAYSIA	
Kuala Lumpur Approves of Tin Producers Association (Kuala Lumpur International Service, 30 Jun 82).....	15
Briefs	
Envoys to ROK, SRV	17
Budget Cuts	17
Australian Official To Visit	17
 NEPAL	
King Birendra Reaffirms Foreign Policy (XINHUA, 25 Jun 82).....	18
 NEW ZEALAND	
French Nuclear Test in South Pacific (AFP, 3 Jul 82).....	19
 PAPUA NEW GUINEA	
Briefs	
Border Events	20
 PAKISTAN	
Foreign Minister Reaffirms Stand on Afghanistan (XINHUA, 30 Jun 82).....	21
Foreign Ministry Statement on Relations With India (XINHUA, 2 Jul 82).....	22
Foreign Secretaries' Meeting Planned (XINHUA, 28 Jun 82).....	23
Federal Council Criticizes Finance Minister, Government Policies (Anis Mirza; DAWN, 17 Jun 82).....	24
Budget Debate in the Council Reported (DAWN, 17 Jun 82).....	26

Welcome of Federal Budget Reported (MORNING NEWS, 17 Jun 82).....	28
Campaign Against Obscenity Lauded (Editorial; MORNING NEWS, 17 Jun 82).....	33
Budget, Fiscal Policy and Philosophy Criticized (Sultan Ahmed; DAWN, 17 Jun 82).....	35
Mazari Not Allowed in Quetta (DAWN, 17 Jun 82).....	37
Briefs	
Ambassador to Kampuchea	38
Saudi Arabian Policy Unchanged	38
Zia Opens Shoora's 3rd Session	38
Baluch Faction Quits Jamaat	38
Holding of Elections Demanded	39
NDP Leader Complains	39
Election Prospects Bright	39
Blood Donations for Palestinians	39
Opposition Demands	40
Afghan Talks	40
Telecommunications Project Loan	40

#### PHILIPPINES

Batasan Leadership Criticized (BULLETIN TODAY, 12 Jun 82).....	41
Government Efforts Against Corruption Commended (Editorial; PHILIPPINES SUNDAY EXPRESS, 13 Jun 82).....	42
Central Bank Readies Credit Package for Business Expansion (PHILIPPINES SUNDAY EXPRESS, 13 Jun 82).....	44
Hong Kong Firm To Invest in Battery Plant (PHILIPPINES DAILY EXPRESS, 12 Jun 82).....	45
Briefs	
Inflation Rate	46
Dissidents Killed	46
NPA Members Killed	46
Western Samar Clashes	46
Development Gains	47

#### SINGAPORE

Trade Union Wants Boycott of Australian Goods (K.S.C. Pillai; AFP, 25 Jun 82).....	48
Briefs	
Attache to Saudi Arabia	50

## AUSTRALIA

### BRIEFS

ANTI-MISSILE SYSTEM--The Royal Australian Navy is to get two Phalanx anti-missile systems, but has yet to decide which of the ships they will be fitted to. The minister for defense, Mr Sinclair, says the Phalanx, a rapid-fire computer controlled gun system, may be fitted to the guided missile frigates Adelaide and Canberra or the aircraft carrier Invincible, which Australia wants to buy from Britain. Mr Sinclair estimates that the two Phalanx systems will cost about \$15 million and should be delivered late in 1984. [Text] [BK011143 Melbourne Overseas Service in English 0830 GMT 1 Jul 82]

EARLY ELECTION PREDICTED--There is continuing speculation about an early general election in Australia. Both the prime minister, Mr Fraser, and his deputy, Mr Anthony, have agreed that an early poll is possible. Mr Anthony said the prime minister might want to capitalize on any problems in the opposition labor party. Mr Fraser, on the other hand, said he still believed parliament would run its full course until the end of next year but was keeping his options open. The federal treasurer, Mr Howard, said there was no pressure from within the government parties for an early poll and he hoped there would not be one. However, the deputy opposition leader, Mr Bowen, has predicted an early election, probably in November. He felt the timing would be related to a visit by the Queen in October. The comments come amid talk that labor frontbencher Mr Bob Hawke might challenge Mr Bill Hayden for the party leadership. This follows a recently published poll which showed that Mr Hawke was more popular with electors than Mr Hayden. Mr Hayden has said there is no evidence of a challenge, but Mr Hawke says it's a matter for the federal parliamentary caucus to decide. [Excerpt] [BK011142 Melbourne Overseas Service in English 0830 GMT 1 Jul 82]

AID TO AFGHAN REFUGEES--Canberra, 17 Jun (AFP)--Australia will increase its food aid to Afghan refugees by providing a further 10,000 tonnes of wheat valued at A\$1.8 million (U.S.\$1.87 million), acting minister for foreign affairs Senator Dame Margaret Guilfoyle announced here today. This shipment is in addition to the 25,000 tonnes of wheat provided by the government earlier this financial year, and according to Senator Guilfoyle the total value of Australia's food aid in 1981-1982 now stands at more than A\$7 million (U.S.\$7.26). "The wheat will be distributed in refugee camps by the

World Food Programme (WFP)," Senator Guilfoyle said. "The WFP would also monitor the use made of food and evaluate the effectiveness of the aid." More than 2 million Afghans have now sought refuge in Pakistan since the Soviet intervention, and international assistance has helped ease the burden on the Pakistan Government, the senator concluded. [Text] [BK171341 Hong Kong AFP in English 1029 GMT 17 Jun 82]

TIN AGREEMENT--Tin producers and consumers, including Australia, have adopted a new 5-year international agreement to stabilize prices. Radio Australia's European correspondent Malcolm Downing, says, however, there are already doubts about how effective the agreement will be. Australia is the world's fifth biggest producer and exporter of tin and three of the major exports--Malaysia, Thailand and Indonesia--have just agreed to set up their own separate association. They have invited other exporters, including Australia, to join them. But Downing says the exact aims and powers of the new group aren't yet defined and this would be crucial in any Australian decision to join. [Text] [BK240936 Melbourne Overseas Service in English 0830 GMT 24 Jun 82]

AID TO PRC--The Australian Government has approved another four projects to aid China's development under the technical cooperation agreement signed late last year between the two countries. Two of the projects are in the health field--one involving the upgrading of training facilities at the (Shandong) Medical College in (Tsinan) and another involving postgraduate training in Australia for Chinese medical personnel. Another project which will aim to improve China's citrus fruit production will be based at the (Lingling) State Farm in southeastern (Hunan) Province. The fourth project will be a model farm to help develop modern dairy techniques in eastern (?Jiangsu) Province. [Text] [BK751215 Melbourne Overseas Service in English 0830 GMT 24 Jun 82 BK]

WHEAT EXPORT FIGURES--The Australian Wheat Board shipped a record 7.5 million tons of wheat in the 6 months to last month. The board's general manager, Mr Moore-Wilton, said the result was pleasing particularly because of earlier setbacks through industrial disputes. He said the board's shipping program was still about 800,000 tons below the year's original target. However, Mr Moore-Wilton said that with the remainder of the year largely strike free, the shipping program would get back on schedule and the board would be able to meet its export commitments. [Text] [Melbourne Overseas Service in English 0830 GMT 15 Jun 82 BK]

ALICE SPRINGS OIL FLOW--Another oil flow from the (Amadias) basin in the Northern Territory was reported today. The exploration company, (OILMIN), said the East (Marini) No 7 well had flowed oil in a test at a rate of nearly 600 barrels a day. The well is about 270 km west of Alice Springs. [Melbourne Overseas Service in English 0830 GMT 16 Jun 82 BK]

CSO: 4220/187

INDIA

BRIEFS

MOTORBIKE VENTURE--There is a possibility of an Indian firm setting up a joint venture in China for the production of moped and scooters in that country. The leader of the three-member delegation of India-China Chambers of Commerce and Industry, (Santosh Chatterji), who visited Beijing recently, told newsmen in New Delhi today that China has evinced keen interest in the venture. He said a project report is being prepared and it will be submitted to the Chinese authorities within a couple of months. [Text]  
[BK181317 Delhi Domestic Service in English 1230 GMT 18 Jun 82]

CSO: 4220/187



## INDONESIA

### INTERGOVERNMENTAL GROUP APPROVES 1982-1983 LOAN

BK101027 Jakarta ANTARA in English 0946 GMT 10 Jun 82

[Excerpts] Amsterdam, 10 Jun (ANTARA)--The Intergovernmental Group of Indonesia (IGGI) has approved a loan of U.S.\$1,925.9 million for Indonesia for fiscal 1982-83, it was announced here by Widjojo Nitisastro, the Indonesian chief delegate to the group's meeting Wednesday.

The amount is U.S.\$75 million larger than actually needed by Indonesia as estimated by the World Bank.

It comprises bilateral aids from IGGI donor countries amounting to U.S.\$56.9 million and multilateral aids from international agencies totalling U.S.\$1,359 million.

According to Nitisastro, a small part of the loan constitutes a grant and the rest soft loans.

Three of the donor countries respectively Britain, West Germany and New Zealand, have not mentioned figures. If the three countries fix the amounts of their loans shortly the total amount of the IGGI loan will be more than \$2 billion.

The total aid [words indistinct] as follows: Australia: 38 million Australian dollars (last year 35 million); Belgium: 350 million Belgian franc (last year the same amount); Canada: 33 million Canadian dollar (last year 30 million); France: 340 million French franc (last year 300 million); Italy: U.S.\$25 million (last year \$5 million); Japan: 63.17 billion yen (last year 58 billion yen); the Netherlands: 160 million Dutch florin (last year 158 million); the United States: U.S.\$95 million (last year \$105 million).

In all the bilateral aid amounts to U.S.\$566.9 million, excluding assistances to be granted by Great Britain, West Germany and New Zealand.

The specification of the loan commitments from international bodies is as follows: the World Bank: \$925 million (last year \$750 million); the Asian Development Bank: \$345 million (\$337 million); the United Nations Development Program: \$39 million (\$33 million); the European Economic Community: \$12 million (\$14 million); the United Nations International Children's Fund: \$13 million (\$17 million); and the International Fund for Agricultural Development: \$25 million (\$25 million).

The multilateral aid from international bodies totals \$1.359 billion.

The 25th IGGI meeting also decided to ask Indonesia to organize a seminar on human resources development in Indonesia before the next IGGI conference scheduled to be held in Amsterdam May, 1983.

The group's press communique issued at the close of the conference said that although there was a decline in income as result of the world economic recession and a drop in oil production, Indonesia needs to maintain its development growth rate.

The conference also discusses steps taken by Indonesia to restructure its economy to prevent dependence on oil and gas export earnings which account for 70 percent of Indonesia's exports. For that purpose the Indonesian Government has changed its policies.

The conference also was of the view that Indonesia needs to step up its efforts to mobilize its domestic funds resources, the private as well as the government.

The 25th IGGI conference would up its main discussion earlier than expected, having finalized the aid commitment in the first session of the second day (Wednesday).

CSO: 4220/187

JANUARY-APRIL OIL EXPORTS VALUE DROPS

BK251145 Jakarta ANTARA in English 0813 GMT 25 Jun 82

[Text] Jakarta, 25 Jun (ANTARA)--Indonesia's exports of petroleum and petroleum products dropped by more than 29 percent in value during the first 4 months of 1982 (January through April) compared to the last 4 months of 1981 (September through December).

Preliminary figures released by Bank Indonesia, the Central Bank, put the total value of exports of petroleum and petroleum products during the first 4 months of 1982 at U.S.\$3.62 billion, down by 29.63 percent from the last 4 months of 1981 when the figures was U.S.\$5.15 billion.

The value attained during the first 4 months of 1982 also proved to be lower by 25.31 percent than during a corresponding period in 1981 when the figure was U.S.\$4.84 billion.

Of total export value registered in the period January through April 1982, U.S.\$1.72 billion was yielded by exports conducted by the National Oil Company Pertamina, U.S.\$1.4 billion by exports of oil produced under work contracts with foreign companies and U.S.\$490.92 million by exports of oil turned out under production sharing contracts with foreign enterprises.

Meanwhile, exports of liquefied natural gas (LNG) during the first 4 months of 1982 (January through April) fell by 27.13 percent to U.S.\$673.66 million from U.S.\$924.43 million attained during the last 4 months of 1981 (September through December).

Of the total value of LNG exports during the first 4 months of 1982, U.S.\$342.60 million was for LNG from the Badak field and U.S.\$331.06 million for LNG from the Arun field.

CSO: 4220/187

## INDONESIA

### SUBROTO DISCUSSES TIN PRODUCERS ASSOCIATION PLAN

BK221308 Jakarta ANTARA in English 1204 GMT 22 Jun 82

[Text] Jakarta, 22 Jun (ANTARA)--Indonesia, Malaysia and Thailand have agreed to participate in the Sixth International Tin Agreement (ITA VI) and form an association of tin-producing countries.

Announcing this here to newsmen Tuesday, Indonesian Mines and Energy Minister Subroto said the draft agreement on the formation of the tin producers association would be finalized at a ministerial meeting of the three countries in Bangkok on June 29, 1982. The ministerial meeting would be preceded by a meeting of officials on June 28.

Subroto said he did not yet know what the new association's name would be but it would be different in nature from OPEC (Organization of Oil Exporting Countries) of which Indonesia is also a member.

The results of the scheduled Bangkok meeting will be presented to a meeting of tin-producing countries to be held in Lagos, Nigeria in October or November 1983.

Speaking two days after attending a consultative meeting with his Malaysian and Thai colleagues in Kuala Lumpur from June 19 to 20 to discuss tin affairs, Subroto said they had a thorough discussion of their countries' participation in the Sixth International Tin Agreement.

Subroto, his Malaysian counterpart Dato Leong Khee Seong and his Thai colleague Chatchai Chunhawan agreed to apply to ITA VI and to form an association of tin-producing countries.

They decided to invite other tin-producing nations to join the association.

Subroto said that there is no special forum under ITA VI to discuss tin mining and exploitation techniques.

The proposed association, he added, will be programmed to become a forum for tin-producing countries dealing with tin mining and exploitation techniques.

Tin processing and other technicalities could be discussed in length in the association by tin-producing countries.

According to him the meeting between tin producers and consumers, initially sponsored by the United Nations Conference on Trade Development, UNCTAD, will resume in Geneva on June 23.

The previous meeting scheduled for June 10-11 was postponed as some producing countries have not decided their stance.

Regarding the absence of U.S. participation in ITA VI, he said that the ITA came into force 20 years ago even without U.S. membership.

CSO: 4220/187

'INDONESIA TIMES' ON TIN PRODUCERS ASSOCIATION

BK020701 Jakarta THE INDONESIA TIMES in English 25 Jun 82 p 2

[Editorial: "Tin Producers' Association"]

[Text] After attending a consultative meeting with his Malaysia and Thai colleagues in Kuala Lumpur from the 19th to the 20th of June to discuss tin affairs, Indonesian Mines and Energy Minister Subroto said on Tuesday that they had a thorough discussion of their countries' participation in the sixth tin agreement and that Indonesia, Malaysia and Thailand had agreed to participate in the sixth tin agreement and form an association of tin-producing countries.

According to Minister Subroto the draft agreement on the formation of the tin producers' association would be finalized at a ministerial meeting of the three countries in Bangkok on the 29th of June. The results of the planned Bangkok meeting will be presented to a meeting of tin-producing countries to be held in Lagos, Nigeria, in October or November.

Minister Subroto further stated that there was no special forum under the Sixth ITA to discuss tin mining and in exploitation techniques. The proposed association will be programmed to become a forum for tin-producing countries dealing with tin mining and exploitation techniques. Tin processing and other technicalities could be discussed at length in the association by tin-producing countries.

The association has not yet been given any name. It is to be found and agreed upon. It will be different from OPEC in nature.

Up to now, the International Tin Agreement or ITA fixes quota of tin export for each tin-producing country and sets regulations for tin prices in the international tin market and regulates tin supply. The Sixth ITA has already been reached some time ago, but the agreement will not be operative till 80 per cent of the tin-producing and consuming countries have signed it. More than 80 percent of the tin-producing countries have signed but only a little over 50 percent of the tin-consuming countries have done so. If the number of

signatories totals less than 65 percent, the United Nations Conference on Trade and Development (UNCTAD) may convene a meeting of the tin-producing and consuming countries to make the Sixth ITA operative, at least temporarily. As a matter of fact such a meeting was scheduled in Geneva for the 10th of June but was postponed as some producing countries, including Indonesia and Malaysia, had not as yet decided their stance. Now that the three ASEAN tin-producing countries have decided to participate in the Sixth ITA, UNCTAD can convene the meeting in Geneva. We hope the agreement will become operative, at least temporarily, after the meeting.

Taking into consideration the long and zigzagging process the Sixth ITA had taken before it can become operative and that this process put the tin-producing countries in a very precarious situation, it is understandable that the tin-producing countries like Malaysia, Indonesia and Thailand would like to find some way of protecting their tin interests: tin production, tin export, tin prices and tin supply. For some time Malaysia has been advocating the formation of an association of tin-producing countries to safeguard the interests of the tin-producing countries. Ultimately the three ASEAN tin-producing countries have come to an agreement on the formation of the association, and the draft agreement on the formation of the association has been made ready to be finalized on the 29th of June in Bangkok. This draft agreement will be presented to other tin-producing countries like Bolivia and Australia at the forthcoming tin-producing countries' meeting toward the end of the year in Lagos, Nigeria.

At this stage, the association will not have functions similar to those of OPEC but rather confine itself to being a forum for tin processing and tin mining and exploitation techniques. Some more functions may be added later commensurate with developments in the Sixth ITA.

It is to be hoped that all the tin-producing countries attending the scheduled Lagos meeting agree on the formation of the association and accept its draft agreement presented by three ASEAN tin-producing countries. But if some of them do not agree, the association can be formed by those who agree, opening the door for the rest to join later.

CSO: 4220/107



## BRIEFS

CENTRAL SULAWESI TRANSMIGRATION--Palu, 10 Jun (ANTARA)--Transmigration director general Kadarusno has announced that the implementation of the country's transmigration program for fiscal 1981-82 and 1982-83 must be completed in February 1983 because new migrants have to be transported to new settlements every year. If there were carryovers of the number of migrants from the place of origin to the destination site, this would only cause financial and other burdens for the government, he added. These explanations were given by Kadarusno during a meeting with Central Sulawesi Governor Haji Galib Lasahido and local transmigration officials at the governor's mansion here Monday [7 June] afternoon. He stressed that such carryovers would pose serious problems for future planning of the transmigration programs. Meantime the transmigration office of Central Sulawesi in a report read during the meeting said that during fiscal 1982-83 the transmigration program would involve the resettlement of 2,400 families broken down into 300 families to Mayoa and 1,000 families to Namo Salato, both located in Poso Regency, to Bunta in Banggai Regency 500 families, Diat Memunu and Basidonde in Buol-toli-toli Regency 300 families respectively. [Excerpt] [BK101041 Jakarta ANTARA in English 0851 GMT 10 Jun 82 BK]

IRIAN JAYA COMMANDER--Jakarta, 15 Jun (ANTARA)--The post of commander of the XVII Military Area (Cendrawasih Division) was transferred from Army Brig Gen C. I. Santoso to Infantry Colonel Raja Kami Sembiring Leliala at a function held at Jayapura, Monday [4 June] in the presence of Army Chief of Staff General Poniman. Brig Gen Santoso will henceforth be assigned at the army general headquarters as a senior officer attached to the army chief. Colonel Sembiring, prior to his appointment, was chief of staff of the XIII Military Area (Merdeka Division) in Manado. [Excerpt] [Jakarta ANTARA in English 1109 GMT 15 Jun 82 BK]

FERTILIZERS IMPORT DIFFICULTY--Jakarta, 12 Jun (AFP)--Indonesia is having difficulty importing urgently needed fertilizers because of the government's insistence on this trade being carried out on the basis of its counter trade policy. With import requirements set at 972,000 tons of various types of fertilizers for the 1982-83 planting season, only about one-third or 314,000 tons appear as yet likely to go through in line with the import-export linkage system, KOMPAS DAILY reported. The paper quoted Ministry of Trade Sources as saying three foreign suppliers from Romania, West Germany and a third unnamed country (but believed to be the United States) have agreed to



the linkage. An Indonesian importer, however, told the paper imports would be in for much delay due to the objection to counter-purchase generally prevailing among foreign suppliers. Indonesia, which consumes about 2.5 million tons of fertilizers annually, needs an extra large foreign supply this year because of the reduced production of the state plant "Pusri" in South Sumatera. Indonesia last year imported 595,000 tons, but at the same time exported an annual average of 35,000 tons to the Philippines, a regular buyer Indonesia does not want to lose. [Text] [BK131155 Hong Kong AFP in English 1428 GMT 12 Jun 82 BK]

JAKARTA EXPORTS--Jakarta, 19 Jun (ANTARA)--Exports of Indonesian commodities, including oil, from Jakarta (through Tanjung Priok port and the Halim Perdanakusuma Airport) for January-March 1982 reached a volume of 353,091 tons valued at U.S.\$976,476,864. Excluding oil, the exports for the period amounted to 240,743 tons worth U.S.\$123,303,287, the Ministry of Commerce and Cooperatives had disclosed. A ministry spokesman said export figures from Jakarta (Tanjung Priok and Halim Airport) for the year 1981 stood at 11,141,589 tons valued at U.S.\$3,095,619,145, with nonoil exports totalling 107,765 [figure as received] tons worth U.S.(\$479,153,300). The outstanding nonoil export commodities from Jakarta in 1981 were garments, frozen shrimp, textiles, palm oil and coffee. [Excerpt] [BK230531 Jakarta ANTARA in English 1015 GMT 19 Jun 82 BK]

DOMESTIC FUEL OIL CONSUMPTION--Jakarta, 19 Jun (ANTARA)--Domestic fuel oil sales in the five months of January-May this year dropped by an average of 16 percent from originally allocated amounts. Minister of Mines and Energy Prof. Dr. Subroto in reply to questions at hearing with the parliamentary sixth commission here Friday [18 June] said domestic fuel oil consumption for this year was estimated at 28.1 million kilolitres or a daily average of 77.1 million litres. But the demand for fuel oils was recorded at 63.6 million litres daily in January, 64 million litres daily in February, 65.2 million litres daily in March, 65.67 million litres daily in April and 64 million litres daily in May, coming down to an average drop of 16 percent. The minister said the cause of the decrease in demand would be investigated, to establish whether it was due to the domestic fuel oil price increases early this year, or to the rural electrification program the government's energy conservation drive by a curtailment of activity. Subroto said the national energy policy until the year 1990 would centre on a decreasing role of oil compared with previous years, and a fast increase in the use of coal, geothermal and hydro energy to meet commercial demand. [Excerpt] [Jakarta ANTARA in English 0954 GMT 19 Jun 82 BK]

JAPANESE AID--Jakarta, 17 Jun (ANTARA)--The Government of Japan, having deep compassion for the victims of the eruption of Galunggung volcano, has decided to donate the amount of U.S.\$20,000 to the victims in token of its sympathy. The cheque, according to the Japanese Embassy here, was handed by Yoshio Sakurachi, minister for foreign affairs of Japan, to Mokhtar Kusumaatmaja, minister of foreign affairs of the Republic of Indonesia, on June 27, 1982 in Singapore on the occasion of the ASEAN ministerial meeting. [Text] [Jakarta ANTARA in English 1104 GMT 17 Jun 82 BK]

BANGLADESH ENVOY--Jakarta, 26 Jun (ANTARA)--The Indonesian Government has agreed to the appointments of Major General Moidul Hossain Choudhury as the new Bangladesh ambassador to Indonesia. Choudhury is to replace M. Shamsul Islam who will soon leave the country at the end of his term. [Text] [BK280625 Jakarta ANTARA in English 0756 GMT 26 Jun 82 BK]

AUSTRALIAN PRESS REPORTS--Jakarta, 8 Jun (AFP)--The Australian press has started publishing negative reports about Indonesia again in apparent retaliation for the ban preventing some Australian newspapers from entering this country, according to an article carried today by the official organ of the ruling Golkar (functional groups) party SUARA KARYA (VOICE OF THE WORKERS). The article, written by Endi Rukmo of Golkar's Centre for Strategic and International Studies (CSIS), said while some of the Australian press gave balanced reports on Indonesia, others tended to like publishing twisted news about this country. The latter type of newspaper was even critical of reports made by Australian journalist Peter Hastings on East Timor, the article said. It defended the Indonesian Government's decision to ban several Australian newspapers from entering Indonesia saying that the ban had been prompted by the hostile and distorted news items carried by these newspapers. "Many Australians are arrogant and they like to look down on Asians," it said and called on Australians to abandon such an attitude. [Text] [BK080715 Hong Kong AFP in English 0649 GMT 8 Jun 82]

TRANSMIGRATION PROJECT--Jayapura, 28 May (ANTARA)--The preparation of a transmigration project in Arso-Koya, nearby the main road between Jayapura and Arso, not far from the border between Indonesia and Papua New Guinea started Wednesday [26 May]. Covering around 3,000 hectares, the project will give place to around 500 migrant families, which will be resettled in stages as from October 1982. A ceremony marking the start of the preparation work was held Wednesday. Project leader D. M. Sitinjak reported on the occasion that around 18,000 hectares of land in the Jayapura Regency is provided for resettlement centres. The Arso-Koya transmigration project is expected to be completed at a cost of RP714 million from the 1982-83 state budget. Of the 500 families to be resettled in the project, 375 families will be from Java and 125 other families will consist of local inhabitants. The opening of transmigration centres on the remaining 15,000 hectares of land along the Trans Irian main road is expected to start next year. The area is considered suitable for transmigration projects as the land is fertile and located around the main road, only around 30 km from this capital city of the Irian Jaya Province. [Text] [Jakarta ANTARA in English 0753 GMT 28 May 82 BK]

NEW AMBASSADORS SWORN IN--President Suharto swore in seven new Indonesian ambassadors designate in Jakarta on 11 June. They were Taufik Rakhmat Sudarwo, ambassador designate to Senegal; Kris Nurmathias, to the GDR; Mrs Arta'i Sudirjo, to Switzerland; Gandul Sugantio Kusumodigdo, to Tanzania; Air Vice Marshal Subambang, to Thailand; Ali Alatas, to the United Nations, and Alex Rumambi, to Sweden. [BK121325 Jakarta Domestic Service in Indonesian 1200 GMT 11 Jun 82 BK]

COOPERATION ACCORDS WITH SAUDI--The Indonesian and Saudi Arabian governments this morning exchanged instruments on the ratification of an economic and technical cooperation agreement and a scientific and Islamic teaching agreement in Jakarta. The two agreements have been signed in Riyadh on 18 May 1982. The economic and technical cooperation agreement is aimed at supporting the development of agriculture, livestock and industrial projects as well as promoting trade in various commodities produced by the two countries and exchanging and supplying technical experts. The scientific and Islamic teaching agreement is to promote the educational field, especially the Islamic education in Indonesia. [Jakarta Domestic Service in Indonesian 0700 GMT 4 Jun 82 BK]

FERTILIZER DEVELOPMENT ACCORD--The department of agriculture and the International Fertilizer Development Center [IFDC] signed a memorandum of mutual understanding on technical cooperation and research on the use of fertilizers in Jakarta this morning. The cooperation was aimed at supporting national program to improve the efficiency in the use of fertilizers in Indonesia. The cooperation, worth \$1.4 million, involves technical experts, equipment and materials as well as long-term education and training of Indonesian manpower. The first stage of the cooperation will last 3 years. The secretary general of the department of agriculture said the cooperation will improve the efficiency in the use of fertilizers in Indonesia, while the director of the IFDC, which has its office in Alabama, USA, said the IFDC will provide technology for agriculture development that could lead to self-reliance in food in Indonesia. [Jakarta Domestic Service in Indonesian 0700 GMT 4 Jun 82 BK]

BENKULU TRANSMIGRATION--Benkulu Province in South Sumatera during the 1982-83 fiscal year will accommodate some 7,100 families of transmigrants from Java island. The transmigrants will be resettled in stages in north and south Benkulu districts. Preparations to receive the transmigrants next year will begin immediately after the forthcoming Idul Fitri Muslim festival. Benkulu Province is to accommodate some 66,000 families of transmigrants under its long-term program. [Jakarta Domestic Service in Indonesian 1200 GMT 27 Jun 82 BK]

CSO: 4213/3

KUALA LUMPUR APPROVES OF TIN PRODUCERS ASSOCIATION

BK300949 Kuala Lumpur International Service in English 0800 GMT 30 Jun 82

[Unattributed commentary]

[Text] The ministerial meeting of the three ASEAN tin-producing countries--Malaysia, Thailand and Indonesia--in Bangkok yesterday formalized an agreement to set up an association of tin-producing countries. The ministers of the three countries, Malaysia's Primary Industries' Minister, Datuk Paul Leong, the Indonesian minister of mines and energy, Dr Subroto, and Thailand's minister of industry will meet again to sign the agreement and launch the association on 2 August this year. Other tin-producing countries will also be invited to sign the agreement on that date. Bolivia, the fourth largest producer of tin, has already affirmed that it will join such an association, although it is not a member of the Sixth International Tin Agreement [ITA], which comes into force tomorrow.

The meeting also spelled out the aim of the association, which in no way will work at variance to the new ITA. Far from it; it will enhance the operation of the agreement. It will also provide the framework to ensure remunerative returns for the tin producers and fair prices for the consumers, which is the role of the ITA. Thus, the association of tin-producing countries could only supplement and complement the functions of the ITA rather than working at odds with its mechanism to bring about stability in the world tin market.

Furthermore, another function of the association is to provide cooperation in tin marketing to increase the use and effectiveness and encourage tin-based industry through research and development programs. In the long term, this would help arrest the decline of the consumption of tin and ensure that there will be a better balance between demand and supply in the near future.

While with the coming into force of the Sixth ITA, provisionally tomorrow, and ending months of uncertainty on the possibility of the demise of the 26-year-old commodity agreement, it is still questionable whether the new ITA would overcome the prevailing conditions in the world tin market to meet the desire of the tin-producing countries overnight or even in the months ahead.

Such is the chaotic situation of the world tin market, and for the ITA to play its role effectively, it needs all the assistance it can get. This can be gauged from the large amount the bufferstock manager has bought up. It is estimated that he has a stock of over 40,000 tons of the metal and yet, there is still a surplus in the market, which continues to depress the price of the metal.

Despite all that is said, the formation of such a tin producers association would not go down well with some of the consumer countries, which consider it a threat to its interests. These are the same consumer countries that have in the past manipulated the market to their advantage, which goes to reveal their vested interests rather than the interests of both the producer and consumer countries.

If they continue to harbor such mistrust, there is all the more reason for the producers to have such an association, not only to strengthen their own position, but also for the effectiveness of the international tin agreement.

CSO: 4220/187

## MALAYSIA

### BRIEFS

ENVOYS TO ROK, SRV--Mr Abdul Majid Mohamed has been appointed as the new Malaysian ambassador to the Republic of Korea. A Foreign Ministry statement also announced the appointment of Mr Abdul Halim Ali as ambassador to Vietnam. [Text] [BK251413 Kuala Lumpur International Service in English 0600 GMT 21 Jun 82 BK]

BUDGET CUTS--The government will slash about 4 billion ringgit from its budget allocation this year. A total of 1.2 billion will be cut from the operating expenditure and about 2.8 billion from the development expenditure. This decision was reached at the weekly cabinet meeting in Kuala Lumpur today. Datuk Sri Dr Mahathir Mohamed told newsmen later that cuts amounted to 12 percent of the overall operating cost. He said the reduction was in line with the government economy drive in view of the global economic depression, but some ministries would get an increased allocation, while others would have their budget cut. The prime minister said the Finance Ministry would be among those that would have an increased allocation, while reductions would be made in the defense and education ministries. [Text] [BK301250 Kuala Lumpur Domestic Service in English 1130 GMT 30 Jun 82]

AUSTRALIAN OFFICIAL TO VISIT--The Australian prime minister, Malcolm Fraser, will make a 3-day official visit to Malaysia from 2 August. The visit is at the invitation of the prime minister, Datuk Sri Dr Mahathir. Mr Malcolm Fraser will be accompanied by his wife. A Ministry of Foreign Affairs statement says the two leaders will discuss bilateral matters, including regional developments and international issues. [Text] [BK230916 Kuala Lumpur International Service in English 0600 GMT 23 Jun 82]

CSO: 4220/187



# KING BIRENDRA REAFFIRMS FOREIGN POLICY

OW251738 Beijing XINHUA in English 1646 GMT 25 Jun 82

[Text] Kathmandu, 25 Jun (XINHUA)--"We firmly stand on our views and policies that no foreign forces should be present in any country," his Majesty King Birendra of Nepal said here this afternoon.

Addressing the 33d session of the National Panchayat, King Birendra said: "My government has always been expressing its opinion that such foreign forces, wherever they may be, should be withdrawn immediately and unconditionally and that no exception should be entertained in this matter."

Stressing Nepal's foreign policy, the king said: "The fundamental objective of my government's foreign policy will be to protect and promote national interests, to play an active role in strengthening the cause of international peace, cooperation and goodwill and to consistently endeavour with a view to make Nepal a zone of peace adhering to the basic ideals of the United Nations and the principles of non-alignment."

Speaking on regional cooperation in South Asia, he said: "With a view to enlarging area of mutual cooperation among nations of South Asia, my government has remained active in making the regional cooperation programme a success." "My government will, as usual, accord priority to maintain close relationship with our friendly neighbours, India and China," he added.

King Birendra expressed concern over the Middle East problem. He said, "The Palestinian people's right to a separate and independent state and the participation of the Palestine Liberation Organization, the only legitimate representative organization of the Palestinian people, in conferences to be convened for a comprehensive settlement of the Middle East problem must be recognized."

On Nepal's economic problems, King Birendra said, his government still emphasizes the development of agriculture, takes effective measures to develop and popularize small-scale industries, and other industries based on agricultural, mineral and forest products as well as the development of tourism industries under private and public sectors.

In addition, the government will take effective measures to find out solutions to problems of fast population growth rate.

FRENCH NUCLEAR TEST IN SOUTH PACIFIC

BK030155 Hong Kong AFP in English 0133 GMT 3 Jul 82

[Text] Wellington, 3 Jul (AFP)--France has exploded another nuclear device at its underground South Pacific test site on Mururoa atoll, New Zealand Government scientists said today.

They indicated that a 20-kiloton blast was recorded by the New Zealand monitoring centre near Rarotonga in the Cook Islands, north of this country, at 0501 local time yesterday, July 2 (1701 Universal Time July 1).

The underground nuclear explosion is the first since a 15-kiloton (equivalent to 15,000 tonnes of TNT) blast on March 21, and only the second recorded this year.

The latest underground nuclear test came only two days after a French scientific team reported that the Mururoa test site had "satisfactory" safety measures.

The team, led by top French volcanologist Haroun Tazieff, was investigating reports of atoll cracking and radiation leakage at Mururoa. It was sent by the French Atomic Energy Agency after an international outcry over the effects of the underground nuclear testing, including claims of surface radiation spillage.

Mr Tazieff is due in New Zealand this weekend to brief government scientists on his team's findings earlier this week.

New Zealand Foreign Minister Warren Cooper welcomed the Tazieff visit, but said New Zealand would still want independent access to the Mururoa test site and to the French scientific teams data.

Yesterday's blast, the 49th at Mururoa since underground testing began in 1975, was understood to be part of France's on-going programme for the development of a neutron bomb capability.

CSO: 4220/187



## BRIEFS

BORDER EVENTS--Port Moresby, 17 Jun (AFP)--Papua New Guinea [PGN] confirmed officially today that its ambassador to Indonesia had "frank but informal talks" with Indonesian Foreign Minister Dr Mokhtar Kasumadmaja on recent events in the two countries' border region. Papua New Guinea's ambassador Benson Gegeyo, was in Singapore for the ASEAN foreign ministers' meeting, at which Papua New Guinea has special observer status. A foreign affairs spokesman said the two men "reviewed recent events in the joint border area and expressed their respective governments' hopes that similar events do not occur in future." In an official statement today, Papua New Guinea accused Indonesia of conducting military operations on the PNG side of the border. The statement denied a Radio Australia report that Mr Gegeyo had agreed with Dr Mokhtar that there had been no military incursion. "Ambassador Gegeyo made no such statement," said the spokesman. "On the contrary, he was most definite in stating that the incursions had occurred." The statement said Mr Gegeyo explained to Dr Mokhtar that in Papua New Guinea's view, the reason for the recent border events was Indonesia's reluctance to provide information concerning a raid carried out on a sawmill near Japapura last year by the "Free Papua Movement" (OPM), during which 58 Indonesian hostages were taken. [Text] [BK171331 Hong Kong AFP in English 0/24 GMT 17 Jun 82]

CSO: 4220/187

## PAKISTAN

### FOREIGN MINISTER REAFFIRMS STAND ON AFGHANISTAN

OW302029 Beijing XINHUA in English 1900 GMT 30 Jun 82

[Text] Islamabad, 30 Jun (XINHUA)--Pakistani Foreign Minister Sahabzada Yaqub Ali Khan today said Pakistan would not accept any unilateral solution to the Afghanistan issue imposed by any power.

Addressing a press conference this afternoon, Yaqub Ali Khan said the Geneva talks did not reflect Pakistan's position on the issue.

Asked to explain Western reaction to what he said about the flexibility shown by the two sides in the Geneva talks, the foreign minister said flexibility did not mean any compromise on principles.

He said the fact that Pakistan had entered into dialogue, did not mean that it could be forced to abandon its principles or that any type of solution could be forced on it.

He said a free, independent and non-aligned foreign policy is the main basis of Islamabad's relations with other countries.

He said Pakistan's fundamental position is based on principles that have emerged in the resolutions of the Islamic conference, the United Nations and the non-aligned movement. On this subject the position is rooted in the four principles of preservation of sovereignty, independence and non-aligned status of Afghanistan, the right of the Afghan people to choose a form of government or social system free of foreign constraints and outside intervention, subversion or coercion, withdrawal of foreign troops and voluntary return of Afghan refugees to their homes in conditions of dignity and safety.

Referring to participation of the Soviet Union in the talks, the foreign minister said that at the moment the talks among Pakistan, Iran and Afghanistan are of tri-lateral nature. When international guarantees on the agenda are undertaken, he said, the Soviet Union, the United States and maybe some other countries would be associated by mutual consent.

However, the foreign minister also said he could not say at what stage the participation of Iran would be possible. But Pakistan considered Iran's participation as very important for the settlement of the problem, he added.

CSO: 4220/185

PAKISTAN

FOREIGN MINISTRY STATEMENT ON RELATIONS WITH INDIA

OW020724 Beijing XINHUA in English 0703 GMT 2 Jul 82

[Text] Islamabad, 1 Jul (XINHUA)--The Pakistan Foreign Ministry says in a statement today the restoration and expansion of contact between the governments and peoples of Pakistan and India have taken place and further steps can now be considered towards peace and amity between the two countries.

The statement was issued on the eve of the 10th anniversary of the Simla agreement which was signed by the Pakistan and Indian prime ministers, laying down the principles in the restoration and normalization of relations between the two countries.

The statement adds, "The grave international situation and particularly the serious developments in areas close to Pakistan and India emphasize the need for creative initiatives."

"The government of Pakistan remains convinced that the time-tested principles of international relations incorporated in the charter of the United Nations and the Simla agreement, provide a good foundation for further progress in relations between Pakistan and India. By reinforcing mutual confidence, the two countries can pave the way for greater cooperation in various fields," the statement says.

CSO: 4220/185

FOREIGN SECRETARIES' MEETING PLANNED

OW281634 Beijing XINHUA in English 1519 GMT 28 Jun 82

[Text] Islamabad, 28 Jun (XINHUA)--The foreign secretaries of Pakistan and India are expected to meet in Islamabad next August for bilateral discussions, said a spokesman of the Pakistan Foreign Office here today. He said dates for the meeting are being worked out. Pakistan is looking forward to the visit of M. K. Resgotra, foreign secretary of India, he added.

The spokesman said a draft of the proposed non-aggression and non-use of force agreement was handed over to Natwar Singh, secretary of the Ministry of External Affairs of India, when he visited Pakistan on June 1. He stated the Pakistan Government has been informed that the draft is receiving the careful and serious consideration of the Indian Government. The spokesman recalled that the agreement on the meeting of Indian and Pakistan officials to continue the exchange of views on the proposed agreement was reached at the meeting of foreign ministers of the two countries on last February 1 and that some of the elements of the proposed agreement were discussed during former Pakistan Foreign Minister Agha Shahi's visit to New Delhi last January.

The spokesman disclosed that on June 26 the charge d'affaires of Pakistan in New Delhi was given a draft agreement on a joint commission for economic, trade, scientific, technical and cultural cooperation. He said the text is expected to reach Islamabad shortly. "It will receive the earnest consideration of the government," he said.

CSO: 4220/185

## FEDERAL COUNCIL CRITICIZES FINANCE MINISTER, GOVERNMENT POLICIES

Karachi DAWN in English 17 Jun 82 p 14

[Article by Anis Mirza]

[Text] Islamabad, June 16: Finance Minister Ghulam Ishaq Khan's 1982-83 Budget introduction received a rough jolt and a stormy, unceremonious start, when he rose to speak in the Majlis-i-Shoora. Infuriated members of all denominations, ex-politicians, lawyers, agriculturists, Ulema and women rose in angry protest and shouted across the floor of the House that the Finance Minister should have presented the National Budget before the members of the Majlis. From his elevated dais Chairman Khwaja Safdar in a loud voice repeatedly tried to bring order in the Federal Council hall and said: "Please sit down, please sit down."

The Finance Minister, however, took it all without a smile and in the midst of the commotion only one back-bencher rose from his seat and appealed to the Chairman to permit Mr. Ghulam Ishaq to make his Budget speech.

For full 40 minutes there was constant noise and disorder when Khwaja Safdar wanted to assess the opinion of the House on the duration of the current session. Several members rose on points of order. Chaudhri Altaf of Jhelum said members were being asked to discuss a subject which had

not been presented before the House. Karachi's Zahurul Hasan Bhopali said the Shoora members enjoyed public support in their areas and had come to the capital to deliberate and not be made fun of.

When Khwaja Safdar clarified that only discussion of the national Budget would be permitted and no cut-motions allowed, the tersest remark came from Karachi's Obaidur Rahman, "Let bureaucracy make hostages of the 8 million people of Pakistan and declare it to be their Jang."

In contrast to the morning scene was the midday performance of two men from the rugged North-West Frontier disparate in style, outlook and temperament: If Ghulam Farooq Khan is a builder and a planner, Ghulam Ishaq Khan is known in financial circles here as a hard working "pro and cons man, an honest custodian and treasurer."

Speaking in English Finance Minister Ghulam Ishaq in his Shoora speech said the expenditures, taxes and policies incorporated in the Budget reflected six major concerns: national security, acceleration of development, reshaping development priorities, social security for the poor, moderation of inflationary pressures and induction of measures based on an Islamic social order.

Entrepreneur — industrialist Ghulam Farooq Khan, a long-time associate of the Finance Minister, opened the general discussion on the national Budget. Mr. Farooq, now 81, attired in a grey summer suit with a red rose-bud in his coat lapel, spoke for about 50 minutes in English. He said on previous

budgets he had spent three days of study but despite the ponderous Urdu Budget speech of Mr. Ishaq he would try to assemble his immediate reactions.

Mr. Farooq said after being custodian of the country's finances for five years Mr. Ghulam Ishaq "should have been bold and reckless." With the powerful inflow of goods and money coming into the country the Finance Minister could have increased revenues by 1000 crores.

Pointing to the retardation of work in Federal Ministries, Ghulam Farooq said "They were like hanging gardens with corridors of power." There was plenty of money which should be in banks whose operation should have been regionalised and made more systematic. "Why should banks be centralised in Karachi", he asked? Mr. Farooq said there were villagers who carry 15 to 20 crores of rupees and remit them in village banks when it should be brought into the pool, for day-to-day recording.

"The Budget", Mr. Ghulam Farooq argued, "should have been more courageous instead of being cautiously optimistic." The

former WAPDA chief and Commerce Minister turning to deficit financing said if it was not channelised into productive units it would add to more inflation. It should be confined to projects which could give a reasonable return in three years.

One of the extended speeches in the evening session was delivered by Zain Noorani of Karachi. He made an impassioned plea for provision event at a late stage for the fourth phase of the Karachi water supply scheme. Calling delinking of the rupee a "right step" Mr Noorani said there was no need to have created uncertainty and mystery for several months by not declaring the basket of currencies and thereby allowing future trading which was only recently done. To fight inflation, Zain Noorani, said, those with black money should be allowed to declare and be given in exchange 7-year non-interest bearing but negotiable Government bonds or pay 20 per cent tax.

The member from Karachi vociferously pleaded against the practice of having a score of mini-budgets during the year when the structure of duties is changed. He also made a case for denationalisation of industries and referred to the bungling and evasion of duties worth one crore in the Government owned Bela industries. "Let Government get out of trading in cotton and leave it to the private sector," he added.

There was an unusual stir in the Shoora when a member pointed out three new faces who had not taken the oath. Khwaja Safdar sternly asked them to leave the hall. But the three men continued to sit in the House. Finally the three strangers, probably intelligence men were forced out of the Majlis auditorium by the Chairman.

CSO: 4220/77



## BUDGET DEBATE IN THE COUNCIL REPORTED

Karachi DAWN in English 17 Jun 82 pp 1, 14

[Text] ISLAMABAD, June 16: The Federal Finance Minister, Mr. Ghulam Ishaq Khan, informed the Majlis-i-Shoors here today that the 1982-83 Budget measures were aimed at bridging a large resource gap with minimum strain on the common man.

Initiating a general debate on the Budget through a motion, the Minister said he keenly looked forward to the exchange of views that would take place for guidance.

Outlining the salient features of the Budget, the Minister told the Majlis that the expenditure, taxes and policies, incorporated in the Budget, reflected major concerns of the Government. These related to safeguarding national security, accelerating the development efforts, reshaping some development priorities, providing a minimum social security for the poorer sections, moderating inflationary pressures and introducing further instruments for establishing a truly Islamic economic and social order.

Referring to the developments in Afghanistan, Mr. Ishaq said it had not only led to a massive influx of refugees, but added a new dimension to the threat to Pakistan's national security. "Pakistan has no aggressive designs against any country", he said.

Mr. Ishaq, emphasised that the Pakistan Government could take no chance whatsoever with the requirements of the country's national security which must take precedence over all other claims on the Government.

As such, the Minister said, defence outlays had been substantially enhanced in both 1981-82 and 1982-83 Budgets.

The allocation for 1982-83 provided for a 45 per cent increase in nominal terms over the expenditure in 1980-81. He would not like to leave the impression that they had been unmindful of costs even in respect of this imperative. The increases provided had been the essential minimum and would hold defence expenditure below six per cent of the GNP, he added.

Mr. Ishaq said the economy of Pakistan had suffered the imposition of uncommonly severe stresses and strains as a result of international developments. Apart from the problem of Afghan refugees on the economic front, he said Pakistan's terms of trade had continued to drop steeply, prices of export commodities had crashed and net aid inflows had contracted to one-third of the mid-1970s level. There had been a further deterioration in the external economic environment in the current year, which had seriously affected tax revenues, particularly customs receipt.

The Minister said the development programmes of the Federation, the provinces and the public sector enterprises were being raised next year by 22 per cent, or by over 19 per cent after adjusting for anticipated price increases. The growth momentum built up in recent years should not be allowed to relapse; indeed, it ought to be accelerated in order to forge ahead with greater advances in the nation's economic capability and the economic well-being of our people, he added.

The Minister said the Government was fully conscious of the repercussions of its tax

and expenditure policies on inflationary pressures and of the burdens that inflation placed on our citizens.

Firstly, he said, inflation was a worldwide phenomenon. National governments could cushion or dilute its impact, depending

upon how open an economy was, but they could never completely insulate domestic prices from world trends. Secondly, taxes, expenditures and inflation were a price which we must pay for defence and development. No society would prefer to be static and vulnerable just for the sake of price stability.

Following the Finance Minister's speech, the House opened general debate on the Budget.

Taking the floor, Khan Ghulam Faruque, a member of the Majlis from NWFP, stressed the need for making efficient machinery responsible for carrying out the budgetary measures. "Unless we do this, we cannot make the Budget a success story", Mr. Faruque said. He dealt at length with the fiscal problems of the nation and suggested various steps to remedy the situation.

The Budget allocation for the national defence, he said, was inadequate and should be allowed for revision. He referred to the regional and global situation posing threat to the national security, and said defence should be placed atop in order of sectoral allocations.

Similarly, he said, allocation for agriculture sector, was also not adequate. He particularly laid emphasis on clearance of water channels and desilting of irrigation canals so as to make better use of water resources for agriculture growth.

He also suggested that regional banks, specifically devoted to the areas of their origin, be set up.

He referred to the world regional banks and said the Bank of America was based in San Francisco and had none of its branch anywhere else in America.

Mr Faruque said similar banks could be set up in the country, and added that centralisation of banking operation in Karachi alone could hamper the regional progress.

Mr Zain Noorani took the floor when the House resumed its session in the evening.

He said the Finance Minister had worked hard to prepare the Budget but some changes should be made in it.

He said there should uniformity in the prices of fertiliser. The member called for taking steps to stop daily fluctuation of rupee, because this created uncertainty.

He urged the Government to seize money from the people which they had earned through illegal means.

He said water supply position was very critical in Karachi, and urged the Federal Government to intervene in the matter. He disclosed that water from Hub Dam would not be sufficient to meet the requirements of the city.

Mian Hayat Bux, a member of Majlis from Rawalpindi, said the Budget was overall acceptable. The Budget, he said, had well accommodated the common man's point of view with regard to his problems.

Mr Allah Bux Abbasi, a member of the Majlis from Sind, described the Budget, as a "surplus" one.—APP.

CSO: 4220/77



WELCOME OF FEDERAL BUDGET REPORTED

Karachi MORNING NEWS in English 17 Jun 82 p 3

[Text] The new Budget for the coming 1982-83 financial year has been welcomed by a number of private sector economic organizations and businessmen here. A meeting of the Managing Committee of the Anjuman-e-Tajiran-e-Karachi was held here on Tuesday under the chairmanship of Mr Aziz S. Jafarani to discuss the new Budget.

According to a Press release, the committee expressed the opinion that overall the Budget was a balanced one. It welcomed such features of the new Budget as the introduction of Ushr and the enhancement of industrial investment in equipment from Rs one crore to Rs one and a half crore.

However, the committee said the blanket five per cent surcharge on imports would cause a rise in prices of essential items, as would the increase in taxes on petroleum.

The Managing Committee of the Pakistan Tanners Association, meeting here on Tuesday, under the chairmanship of Mr S. M. Muneer, unanimously welcomed the new Budget.

It described the Budget "balanced and realistic" and aimed at maintaining the momentum of industrial development while simultaneously fulfilling national requirements in the fields of social justice and welfare.

Mr Bashir H. Ali Mohammad, Chairman, All Pakistan Textile Mills Association, Sind-Baluchistan Zone, has issued the following statement to the Press: It is a cost push Budget. The 5 per cent surcharge on imports of Machinery spare parts, accessories, Dyes and chemicals and Industrial raw material for Industry will increase the cost of production and will make exports difficult.

Delinking has already made imports expensive. There was a genuine need for reduction of import duties. Also reduced rate of import duties has always had a favourable effect in increasing custom revenue. The Government should take realistic and practical step in this matter. Relief on the cotton front was expected. Higher cost of cotton to the domestic industry is having an adverse effect on our exports.

Mr Umer Haji Karim, Vice-President of the Federation of Pakistan Chambers of Commerce & Industry has described the Federal Budget from 1982-83 as a balanced effort. In a statement issued to the Press after listening to the budget speech of Federal Finance Minister Mr Umer Haji Karim said:

"In view of the present national and international economic and geo-political situation the Finance Minister had very limited choices and under these circumstances the 1982-83 Budget appears to be a balanced attempt.

"Taxation proposals in any budget are not liked equally by all and different sections of public opinion offer different reactions. For example increase in duty on petroleum products, surcharge of 5 per cent on all imports, and increase in duty on ship-breaking industry are such measures which will affect cost of production and the prices of Industrial and consumer goods.

"However, a revolutionary step that has been taken in the Budget is the introduction of the Ushr. This is a very bold and positive step towards the enforcement of the Islamic economic order".

#### Balanced Budget

Mr Latif Ebrahim Jamal, a former President of FFCCI and a prominent businessman, has described the Federal 1982-83 Budget as a 'balanced' budget.

In a statement M. Latif E. Jamal said that the six per cent growth in GNP under the present situation was encouraging and a positive achievement when looked upon the world inflationary trends and the difficulties being faced by advanced countries like USA, France and Germany

#### Hyderabad

The Federal Budget announced on Monday has been generally welcome by the people belonging to various walks of life particularly the business community.

The President of the Sind Agriculture Chamber has said that the Budget would encourage the private investment and the incentives given would help boost production.

He said that levy on agricultural produce was a step towards making the Zakat and Ushr Ordinance completely operational and accelerate and the process of Islamisation in the country.

The General Secretary of the Sind Agriculture, Mr Mohammad Issa Abbasi, described the Budget as balanced and hoped it would control inflation.

#### Baluchistan

Federal Budget for the fiscal year 1982-83 has been widely welcomed by cross sections of the people of Baluchistan.

Generally they described it "realistic and development-oriented". It was hoped that the new Budget would not only ensure stabilisation of prices of the consumer goods but would bring them down.

The President Baluchistan Chamber of Commerce and Industry Agha Syed Said Mohammad has described the Federal Budget as balanced and realistic, designed to maintain the momentum of development and meeting Islamic aspirations of the people.

Commenting on the Budget, he said that the levy of Ushr is bold move to meet postulations of an Islam-oriented economy.

He said incentives for industry and relief for Government employees with no new taxes would go a long way to boost national economic activity.

The head of Economics Department of Baluchistan University, Dr Shakrullah Khan, has described the Budget as "balanced and reasonable." No new taxes, he said, had been levied, salaried class given sufficient relief and investment encouraged in the new budget. He said imposition of five per cent surcharge on imports would encourage manufacture and export of Pakistani products.

The Mayor of the Quetta Municipal Corporation, Mr Zakria Kansl, welcoming the Budget has said that for the first time an earnest attempt had been made towards self-reliance, promoting country's trade and industry and providing relief to the common man in not raising the price of the consumer goods for which he paid eloquent tributes to the Finance Minister, Mr Ghulam Ishaq Khan.

Mr Kansl has expressed the hope that the measure adopted in the Budget would go a long way in increasing production both in the industrial as well as agricultural sectors.

He also appreciated the relief provided to the fixed income group.

Syed Fasih Iqbal, Vice-President of the All-Pakistan Newspaper Society and Chief Editor of the local dailies Baluchistan the Budget as "well balanced and realistic". He paid tributes to the Finance Minister, for making sincere efforts to quicken the pace of economic growth in the country.

He particularly referred to the relief provided to the common man by not raising the price of the consumer goods. He expressed the hope that the price level would be maintained throughout the year and mid-term increase would not be affected.

The AFNS Vice-President called for greater facilities and amenities to the middle class which, he said, all along remained economically hardpressed.

Lahore

Federal Budget for 1982-83 was generally hailed by the traders and industrialists as a reasonably balanced budget "designed to accelerate the pace of economic development in the country."

They particularly appreciated the pushing ahead of the process of Islamisation of the economy of Pakistan by introducing 'Ushr' system, extending the profit and losses sharing schemes of banks for financing working capital needs and extending the dimensions of interest free economy through lease arrangement and encouragement of participation term certificate.

They were of the view that provision for the introduction of Ushr, institutional distribution of Zakat, spread of education and Qarza-e-Hasna were important measures which would have far reaching effects on the society.

However, they were of the view that surcharge of five per cent on imports would result in price escalation, particularly when the value of imports were increasing due to depreciation of Pak rupee.

Mian Tajammal Hussain, President Lahore Stock Exchange, welcomed the concessions for the cottage industry and increased attention on the Pakistan steel and ship-breaking industry and said it would have healthy effect on the national development. He also appreciated the decision of rupees dislinkage from the dollar and remarked that it would gradually help increase the exports.

Mian Tajammal Hussain however, regretted that no industry was denationalised, no measure was announced for exports increase, as was a speculation before the Budget. He also expressed his concern over the industrial planning which, he said, was not clear in the Budget speech.

Mr M. A. Qureshi, a former chief economist of Pakistan, termed as justified imposition of 5 per cent surcharge on all imports and hoped it would discourage unnecessary imports. About rise in petrol prices, the former chief economist said it would have effect on all items of essential use.

He said the rural population has been ignored as far as their literacy rate and basic amenities are concerned.

Delinkage of rupee from dollar was what he described as a clever move to avoid the psychological effects which might have followed by the straightaway announcement of devaluation.

He lashed out at the justification--that dollar's appreciation compelled for delinkage--should have taken place latest by June last year, when dollar started rising, if its appreciation was really the reason for delinkage.

AK President

Azad Jammu and Kashmir President Brig. Mohammad Hayat Khan has described the national Budget presented by the Federal Finance Minister Ghulam Ishaq Khan as reflective of bold aims and objective, designed by the present Government to set up a stronger Islamic order in the country.

He said that this national document contained future vision of Government and sincere concern and consideration for all groups of society to march forward homogeneously. He congratulated Federal Finance Minister for this realistic and welfare-oriented Budget.

Multan

Various traders and agriculturists organisations in Multan have welcomed Federal Budget as balanced and reasonable. They said it is designed to maintain momentum of development as well as to cater people's requirements of social justice and welfare.

The Chamber of Commerce and Industry Multan at its emergent meeting on Tuesday evening, held under chairmanship of Mian Mughis A. Sheikh its President termed the Budget as balanced and realistic Budget in which speeding up of annual development programme in power-water-roads and communication sectors has been urged. It said reduction in administrative expenditure is encouraging.

The meeting said facilities for import of spares for ginning factories will result in improvement of quality of cotton while exemption of duty on import of ginneries is a good step. It said introduction of Ushr system was a useful step toward introduction of complete Islamic order in Pakistan.

The meeting said enhancement of limit of advance payment of income-tax from twenty-five thousand rupees to fifty thousand rupees and also continuation of self-assessment of income-tax is an encouraging step.

CSO: 4220/77



# CAMPAIGN AGAINST OBSCENITY LAUDED

Karachi MORNING NEWS in English 17 Jun 82 p 4

[Editorial: "Campaign Against Obscenity"]

[Text] The campaign against obscenity in the society is gathering momentum and it augurs well for the future of the country. On Tuesday, ladies belonging to Halqa-i-Khawateen-i-Tehrik-i-Islami, visited some newspaper offices and shopping centres in the city and distributed posters and pamphlets as part of their anti-obscenity campaign. A delegation led by the leader of the campaign, Mrs Ume Zubair, a Councillor, also visited the TV and Radio stations and presented their memoranda to the bosses. According to a Press report, the trading circles supported the campaign and assured their cooperation in the drive against obscenity.

The anti-obscenity campaign initiated by the Government is more important in its essence and implications that it appears, because it is impossible to Islamise the country without first purifying the society of all evil tendencies. Obscenity as introduced in the country through exploitation of sex for cultural and commercial purposes has definitely been instrumental in eroding the moral foundations of the society. The official move to curb this tendency has been welcomed by the whole country. The voice of dissent raised by certain quarters to thwart the good move, on the pretext that it curtails the women's right to employment, is simply an attempt to confuse the issue.

The opposition to the move against obscenity comes from the small group of westernised persons who want to dodge Islam under one or the other pretext, but finding it impossible to oppose Islam directly they use subtle methods to achieve their aim. The fight for and against obscenity is in fact a fight between Islam and secularism. Because cultural issues or for that matter commercial, economic or political, all must conform singly and totally to the Islamic concept of life as enjoined by the Holy Quran and enunciated by the Sunnah of the Holy Prophet (peace be upon him). Exploitation of sex for commercial or entertainment purposes has no place in the Quranic concept of society and should therefore be modified accordingly.

The exploitation of sex for entertainment or for promoting commercial interests is essentially part of the West set-up which has nothing in common with an Islamic society. Islam does not measure human achievements in terms of economic loss or gain nor does it see life as merely an opportunity to indulge in pleasures. Contrary to the secular and Western concept of life of "eat, drink and be merry",

Islam visualises a life that is sober, purposeful and moral, and it enjoins that all social, economic, cultural or political activities must be subordinated to the over riding consideration of fulfilling the demands of the Shariah.

The hue and cry against attempts to eradicate social evils from the country is a subtle move by the secular group which, after losing its battle on the political front, is now trying to thwart the process of Islamisation through cultural subversion of the society. Its strength in the country is insignificant but it makes its presence felt because it is vocal. Its baneful influence can be easily neutralised if the Islamic forces make planned and determined efforts to educate the people about its ulterior motive. Obscenity is universally detested in Pakistan and we are sure the campaign launched by Halqa-i-Khawateen-i-Tehrik-i-Islami will meet with success.

CSO: 4220/77

## BUDGET, FISCAL POLICY AND PHILOSOPHY CRITICIZED

Karachi DAWN in English 17 Jun 82 p 11

[Article by Sultan Ahmed: "Why the Big Pay Hike if the Price Increase is so Low?"]

[Text] **PRESENTING** the federal budget for the next financial year Finance Minister Ghulam Ishaq Khan said that without additional taxation but with better tax collection he would be able to raise an additional revenue of Rs. 6,290 million — an increase of 12 per cent over the current year's gross revenues. The additional tax revenue alone next year will be Rs. 4,418 million.

But he is not content with that as the additional revenue expenditure alone next year will be Rs. 8,820 million over the current financial year's. Out of that the increase in defence expenditure will be Rs. 2,500 million, the increase in debt servicing Rs. 3,280 million, of which Rs. 800 million will represent the rise in foreign debt servicing, and Rs. 300 million will be used to cover the loss sustained by the Cotton Export Corporation by buying cotton at higher procurement prices at home and selling it abroad at lower prices because of the 30 per cent fall in international cotton prices in the current year.

General Administration, too, will claim Rs. 508 million more, the law and order machinery Rs. 141 million more and Economic Services Rs. 1,554 million more. However, there is to be an across-the-board cut of seven per cent in the revenue expenditure, which will spare defence and debt servicing and other

statutory obligations and subsidies which will reduce the revenue expenditure by Rs. 500 million.

**Deficit**

The increased expenditure on these accounts as well as the larger allocation of Rs. 4,465 million for the Annual Development Plan, to raise the total outlay to Rs. 31,465 million next year, has left a deficit of Rs. 8,141 million in the new budget.

And this large deficit has jumped to Rs. 10,623 million as a result of the enhanced dearness allowances he has announced for government employees that will cost the government Rs. 2,482 million more. The Finance Minister has proposed to resort to deficit financing, which is as good as printing of notes, to the extent of Rs. 5,700, and has levied additional taxes to cover the balance of Rs. 4,920 million.

Is not the revenue from the additional taxes being given away as enhanced salary and allowance to government employees? The Economic Survey released on Saturday said that wholesale prices had risen by only 3.6 per cent in the first nine months of this year, ending March, compared to 10.5 per cent last year, and the consumer prices rose by only 7.7 per cent in the same period, compared 12 per cent last year. That was what Dr. Mahbubul Haq, too had, told earlier when he presented his Annual Development Plan. On that basis the government employees merited very modest increase in pay scales or allowances.

So the Finance Minister came up with a different set of figures when

he presented the budget and announced increase in pay and allowances to the extent of Rs. 2,482 million. He said the wholesale price index increased by 6.3 per cent during the first ten months of this financial ending April, while the consumer price index rose by 8.3 per cent. The annual increase in the price indices as a whole may be of the order of 10 per cent or less, he says, compared to 13.9 per cent last year.

If either indeed is the position in respect of prices now, why did he announce an increase in dearness allowance to government employees only upto Rs. 167 crore last year when the officially admitted inflation was as high as 14 per cent? And in 1980 when the inflation was officially acknowledged as 11 per cent the wage relief announced came to only Rs. 1,100 million. But now for a far lower price rise they have got far higher wage relief.

The Finance Minister is confident that he has almost mastered inflation. The increase in money supply upto March 30 was only 8 per cent and by the end of the year the ceiling of 15 per cent monetary expansion fixed by the Credit Consultative Committee will not be exceeded, he says. He appears to have the same kind of optimism for the next financial year.

In such a context, announcing far higher allowances when the inflation rate is said to be the lowest for many years will give rise to serious questions. Does that mean that the inflation is not as low as claimed by the government in the Economic Survey or by the Finance Minister? Some serious explaining is called for.



## Contradiction

The tables in the statistical side of the Economic Survey contradict its assertion in words that the wholesale prices rose by only 3.6 per cent during the first nine months of this financial year or even 6.3 per cent. Wholesale prices of 433 items (1969-70  $\frac{1}{2}$  100) rose by 36 points between June 1981 and March 1982, from 358 points — an increase of 10 points in nine months.

Combined wages of the government, industrial and commercial employees in the same period rose from 355 points to 399 points — an increase of 44.5 points or over 12.5 per cent in nine months.

According to the Economic Survey the wholesale price of food increased in the same period by 58.5 points, fuel and lighting by 30 points, gram by 142 points, sugar by 58 points, motor bills by 29 points, other oils by 30 points, soap by 46 points, meat by 28 points, milk by 69 points, firewood by 110 points, and transport equipment by 31 points.

Such official figures do not give any indication of a very modest price increase in the current financial year, although vegetable prices did fall substantially in winter because of heavy production. Some fruits, too, were cheap.

How can prices in Pakistan be as low as claimed by the government when it simultaneously says that the unit value index of the imports rose by 10.46 per cent during the first nine months of this year, causing a 8.3 decline in our terms of trade?

Until recently inflation in Pakistan was attributed to imported inflation. But in a year in which import prices have risen by 10.46 per cent in nine months, will it have only a very small impact on our prices? It cannot be said that our importers or wholesalers have suddenly become patriotic and absorbed the price rise by themselves and are selling their imported products cheap.

We have now the additional factor, too, that will aggravate the inflation instead of sedating or neutralising it. That is the impact

of the depreciation of the rupee following its delinking from the U.S. dollar on January 9. The exchange rate of the rupee has now come down to 11.83 per dollar after touching a peak of 11.88. Today for every dollar worth of goods Pakistani importers have to pay Rs. 1.93 more than they had to before January 9.

The rupee cost of all dollar imports, which form about 80 per cent of our imports, has gone up by about 20 per cent as a result of the depreciation of the value of the rupee alone. Importers and industrialists were earlier praying to the government to reduce the import duty and sales tax on the imports so that the two levies, too, were not enhanced by 20 per cent.

## Surcharge, oil price

The Finance Minister has rejected their pleas even without mentioning them. He has instead come up with a five per cent customs surcharge on imports, apart from increased duties on some of the imports, which will make the imports costlier. When 47 per cent of the imports are industrial raw materials, which are processed and sold at home, their impact on prices will be distinct.

The government on its part has enhanced the prices of POL products appreciably because of the higher rupee cost of oil even when the dollar cost is constant, or has, in fact, fallen substantially within the last 12 months. It has to expect the same to happen in respect of all other exports, particularly when it has enhanced the customs duties.

So any talk of any easy year for inflation from July 1 is out and should be ~~chewed~~ instead of the officials themselves leading such a talk. And I fail to understand how taking money away from the people as taxes and giving it to government servants as enhanced salary or allowances is a disinflationary measure, as the Finance Minister claims. Saving, and investing productively may be disinflationary, but not Peter taking the money out of Paul's hands and spending it. The Finance Minister certainly must have better arguments to justify a large bureaucratic labyrinth in a poor country and a larger expenditure on it all the time.

MAZARI NOT ALLOWED IN QUETTA

Karachi DAWN in English 17 Jun 82 p 1

[Text] Sardar Sherbaz Khan Mazari, chief of the defunct National Democratic Party, was not allowed to land at Quetta and returned to Karachi by the same flight via Lahore yesterday.

He said he was taken into custody immediately on arrival at the Quetta Airport and was ordered to board the flight which was proceeding to Lahore spite of his telling the authorities that his entry in Punjab was already banned.

He said at Quetta he was not allowed to meet party men who had come to receive him.

He wondered why the NDP was being singled out, while other parties were holding their meetings. The Muslim League (Pagaro group) was meeting at Islamabad, he pointed out.

Party sources said similar orders were been served by the Government of Baluchistan on Khan Abdul Wali Khan, Begum Nasim Wali Khan, Mr. Haji Ghulam Mohammad Bilore, Mr Afzal Kahn etc.

Our Staff Correspondent adds from Quetta: Mr Mazari was served with an order of the provincial Government for his externment from Baluchistan for a period of 290 days.

Meanwhile, the NDP Central Committee held its meeting in Quetta today with Haji Ghulam Sarwar Yasinzai, President of Baluchistan branch of the defunct party, in chair. The meeting lasted for about three hours and was attended among others by the President of the Punjab branch, Rao Mehroz Akhtar, General Secretary of Punjab branch Farooq, Qureshi, party's Central Information Secretary Abid Zuberi and General Secretary of Baluchistan NDP, Dr Inayatullah Khan.

CSO: 4220/77

BRIEFS

AMBASSADOR TO KAMPUCHEA--Islamabad, June 16: The Government of Pakistan has announced the concurrent accreditation of Dr. M. A. Bhatti, Ambassador-designate to China, as Ambassador of Pakistan to Democratic Kampuchea, it was officially announced here today.--APP [Text] [Karachi DAWN in English 17 Jun 82 p 1]

SAUDI ARABIAN POLICY UNCHANGED--Riyadh, June 16: The new monarch of Saudi Arabia, King Fahd bin Abdul Aziz, has assured President Mohammad Zia-ul-Haq that Pakistan would continue to get the same special consideration from Saudi Arabia as it got during the time of the late King Khaled. President Zia flew here yesterday with a group of his Cabinet colleagues and high Government officials to condole the death of the late King. King Fahd told President Zia that it would be the endeavour of his Government to continue fraternal relations with Pakistan on solid grounds and to consolidate them further. During his stopovers at Bahrain and Abu Dhabi the President met the Prime Minister of Bahrain and Sheikh Zayed bin Sultan Al-Nahyan, President of UAE and held discussions with them on the latest situation arising out of the Israeli aggression against Lebanon and the Iran-Iraq conflict and its effects on the Islamic world. The need for unity and cohesion in the Muslim world was never felt so strongly before as at present. President Zia said Pakistan would continue its efforts in this regard and uphold the just cause of the Palestinians at all international and Islamic forums.--APP. [Text] [Karachi DAWN in English 17 Jun 82 p 1]

ZIA OPENS SHOORA'S 3RD SESSION--Islamabad, June 16: President Mohammad Zia-ul-Haq inaugurated the third session of the Majlis-i-Shoora here this morning. In his brief inaugural address, the President told the House that he would speak on various national and international issues after a few days. The President said he would take them into confidence vis-a-vis the present trends in the world events with particular reference to the foreign policy of Pakistan. The President did not deliver a formal speech as had been the practice before. He, however, spoke very highly of the standard of the speeches delivered by the members of the Shoora during the previous two sessions. Particularly, he said, the performance of the Shoora and the quality of speeches was superb during the last session. The speeches, he added, were commended by all quarters, including the Press. This earned a very good name for the Shoora and enhanced its prestige manifold, he further added. [Text] [Karachi DAWN in English 17 Jun 82 p 1]

BALUCH FACTION QUILTS JAMAAT--Quetta, June 16: Mr Khuda Bux Mengal, President, Ittehad Mengal along with his companions has resigned from the basic membership of defunct Jamate Islami.--PPI. [Text] [Karachi DAWN in English 17 Jun 82 p 4]

**HOLDING OF ELECTIONS DEMANDED**--Hyderabad, June 16: The current Chairman of the MRD, Mr. Mairaj Mohammad Khan, today demanded holding of general elections under the 1973 Constitution and transfer of power to elected representatives of the people. Mr. Mairaj told newsmen that his party would adopt all legal and constitutional means for restoration of democracy in the country, and warned that the MRD would resist all moves of the Government to thrust any favoured party on the people. He expressed great concern over the prevailing state of affairs in the country claiming that the law and order situation had considerably deteriorated. He alleged that the Government had failed to create a sense of security in the minds of people. He demanded that opponents of the Government should not be victimised and that all political detenus, workers, students and others be released. He declared that if the MRD was voted to power, it would not take revenge, instead it would seek the people's cooperation to surmount the problems faced by the country. Earlier, Mr. Mairaj discussed various problems with local advocates. [Text] [Karachi DAWN in English 17 Jun 82 p 14]

**NDP LEADER COMPLAINS**--Sukkur, June 16: Leaders of defunct NDP from Punjab, Rao Mehroz Akhtar Mr. Farooq Qureshi, Chaudhri Sajjad and Rao Khurshid told a joint Press conference that the Muslim League and Jamat-i-Islami were being allowed to hold their political meetings while their party was being deprived of similar facilities and its members were arrested. They said that their party was accused of indulging in regional politics, while their leaders were prohibited from moving from one province to the other and their inter-provincial movements were banned. [Text] [Karachi DAWN in English 17 Jun 82 p 14]

**ELECTION PROSPECTS BRIGHT**--PAGARO--Gujranwala, June 16: The President of the defunct Muslim League, Pir Pagaro, has said that bright prospects exist for holding general elections in the country in the first quarter of next year. He said the present Government had no option but to hand over power to the elected representatives of the people. But he emphasised that elections would not be held "until and unless the rightists are united." He was talking to a delegation of the local Bar led by Mohammad Tufail Waraich, its President. Later talking to local journalists, he said, the MRD was not a political alliance as the behaviour of some of its constituents was negative. Replying to a question, Pir Sahib asserted that the Jamaat-i-Islami was doing nothing except creating chaos and confusion. He said his party would boycott elections conducted on proportional representation or a non-party basis. He declared his party was always and would always remain in contact with the GHQ because the Muslim League and the army marched hand in hand.--PPI. [Text] [Karachi DAWN in English 17 Jun 82 p 14]

**BLOOD DONATIONS FOR PALESTINIANS**--Lahore, 20 Jun (APP)--The All-Pakistan Blood Donors Association has started collecting blood for the Palestinian freedom fighters who were fighting Israeli aggressive forces in Lebanon. The president of the association, Maulana Fazal Hussain on Sunday appealed to volunteers to donate blood in the nearest blood banks to show their solidarity and unity with the Islamic world and as an expression of their full support to their Palestinian brethren. Maulana Fazal Hussain Dilawar appealed to the federal and provincial ministers, federal councillors and local bodies members to donate blood as an act of their profound sympathy for their Muslim brethren who were upholding the banner of Islam and freedom. He said the Zionists have become so emboldened that they were now blatantly violating sovereign neighboring Muslim countries and indulging in worst form of barbarism and genocide. [Excerpts] [GF251225 Karachi DAWN in English 21 Jun 82 p 9]

OPPOSITION DEMANDS--In Pakistan, the main opposition political parties have called for an end to martial law and the release of about 2,300 political prisoners. The movement for the restoration of democracy, which is a group of the (?eight) of the country's political parties, also said it would not contest elections held on a nonparty basis. According to a REUTER report from Karachi, the movement said it will fight any plan to give the military a constitutional role in the future government. A statement to this effect was issued after a secret meeting of opposition leaders in Karachi on Tuesday night. Meanwhile, workers of these parties threw thousands of leaflets from tall buildings in the streets of Karachi demanding a return to democracy. [Text] [BK011140 Delhi Domestic Service in English 0240 GMT 1 Jul 82]

AFGHAN TALKS--The UN secretary general's personal representative on Afghanistan Diego Cordovez last night briefed secretary General Perez de Cuellar on last month's indirect talks in Geneva for finding a political settlement of the Afghan crisis. Later, talking to Associated Press of Pakistan, Cordovez said that he was satisfied with the progress in the talks but at the same time, he said, the more we get into the substance the more apparent it becomes that the process fraught with very complex problems. He said he would now begin preparing an outline of a comprehensive settlement of the issue on the basis of the agenda of the indirect discussions. These are: withdrawal of foreign troops from Afghanistan, non-interference in the internal affairs of states, international guarantees on non-interference and the voluntary return of nearly 3 million Afghan refugees to their homes. [Text] [BK011111 Karach Domestic Service in English 1005 GMT 1 Jul 82]

TELECOMMUNICATIONS PROJECT LOAN--The Asian Development Bank has approved a loan of \$29 million for telecommunications project in Pakistan. This loan will be spent on two programs under the first stage of the project. The first program is to connect Karachi and Peshawar through strong microwave system besides linking small telephone exchanges and long distance public call offices located in rural areas. [Text] [BK020619 Karachi Domestic Service in Urdu 0600 GMT 26 Jun 82 BK]

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## BATASAN LEADERSHIP CRITICISED

Manila BULLETIN TODAY in English 12 Jun 82 pp 1, 14

[Text]

The minority coalition criticized yesterday the Batasan leadership for having allegedly abandoned its reformist role in government, particularly the power to appropriate funds.

Minority Floor Leader Mariano B. Logarta (Pusyon Bisaya, Central Visayas) observed that in the past four years, the Batasang Pambansa "has been oblivious of this power and has not cut a centavo from the millions of pesos asked by an importunate bureaucracy."

"The President himself had to order a slash to stave off ruinous deficit, after endless protests from the opposition," Logarta said.

He said the failure of the Batasan leadership to institute reforms through the assembly's power to appropriate funds "becomes an unmitigated abdication of a clear duty to the people."

The minority floor leader reminded the Batasan leadership of the yardstick set by President Marcos, who said:

"I want to make it clear that I have no wish to deprive the

Batasang Pambansa the opportunity to discharge its legislative authority on any issue, especially on those of great import and urgency to the nation.

"My greatest accomplishment lies not in having been able to save the nation from the incapacity of an inept legislature, but in being able to say at the end of the day that because of an alert and competent legislature I did not have to use any of my standby powers to effect necessary and urgent legislation."

Logarta noted that the President may not have to use any of his standby powers, but "the fact remains that the President had to act independently of the Batasan which has abdicated its right to counsel prudence in the matter of government spending."

"It had to take the President to take independent action to save the nation from the incapacity of an inept and subservient institutional leadership of the Batasang Pambansa," Logarta said.

"For certainly it was not for the lack of power on the part of the Batasan to prune government expenditure but the consent and subservience of its leadership which has led us to the precipice of financial ruin," he added.

Logarta said it is partly because of this that the people has a "very low regard for the Batasan."

According to him, the people have come to consider the Batasan as an assembly "moribund and important, enamoured and mired in the habits of the old society" which the President had vowed to eradicate.

Logarta reminded the Batasan leadership about the President's commitment because the assembly, under the Constitution, will again take up the proposed P63.5-billion budget for 1983 when it opens its fifth regular session on July 26.

"To guarantee objectivity, I have chosen as my measure the very

same yardstick used by the leader of the ruling Kilusang Bagong Lipunan, President Marcos, in his vision of the Batasang Pambansa when he convoked and inaugurated the assembly last July 12, 1978," Logarta stressed.

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GOVERNMENT EFFORTS AGAINST CORRUPTION COMMENDED

Manila PHILIPPINES SUNDAY EXPRESS in English 13 Jun 82 p 6

[Editorial: "Government Battle Against Corruption"]

[Text] **M**ANY view with keen interest the recent formation by President Marcos of a study group to assess the extent, nature and dimensions of graft and corruption in the government. They welcome this as a move in the right direction.

While the study group was also directed to study the extent of red tape and inefficiency in the operations of various government agencies, the people are more concerned about what the group will find out as far as the problem of corruption is concerned.

The average Filipino need not look far to know that this problem exists. For citizens, government services are proving to be more expensive than they actually are. On top of the legitimate fees, the average citizen normally finds himself having to shell out extra money, or what is known as grease money, to facilitate his dealings with government personnel. This is the most common manifestation of corruption which seems to permeate even the lowest levels of the government bureaucracy.

And what about big-time graft? Many public servants in the higher echelons consider it a built-in benefit of their positions to exact some form of personal accommodation from private individuals and institutions doing business with the government. Through this abhorrent practice, government contracts are rewarded, projects are either implemented or redirected, to reward the highest bidders.

As graft and corruption expand in scope and proportion in the government bureaucracy, the average citizen becomes more frustrated and disenchanted. He loses faith in the individuals and institutions that are supposedly there to serve him and protect his interests. This increasing sense of alienation could lead to none-too-desirable forms of protest and disenchantment.

The increasing prevalence of graft and corruption in government may be seen, sadly, as an indication that more and more public servants are in government service less and less out of a real desire



to serve the people. The fact that even the lowliest public servants now allow themselves to be on the take shows that many look at government service as a means of enriching themselves at the expense of those they are supposed to serve. The moral implications of this phenomenon are frightening. The legacy that this attitude leaves to future generations is too sad to even contemplate.

It is thus with much expectation that many view the President's formation of the group to tackle the problem of graft and corruption. The task is formidable considering that the problem is not entirely new. Previous attempts at cleaning up the government failed mostly because they did not get at the core of the problem. Periodic revamps and the accompanying replacement of corruption-tainted personalities with new ones provided only temporary solutions. The study group would do well to delve deeper into the bureaucratic structure itself, evaluating the effectiveness and efficiency of existing systems and procedures.

Going to the core, it may perhaps be conjectured that a basic cause of the prevalence of corruption is the low pay received by public servants. The government can be more realistic and practical as far as approaching this matter is concerned. Paying people below their level of subsistence heightens their susceptibility to temptation. For the citizens, subsidizing the legitimate increases will perhaps not be much of a difference considering that today, they already find themselves having to pay more than is necessary for government services, the quality of which still leaves much to be desired.

Corruption shakes a government's foundations. It is a threat to democracy as it alienates a people from its government. We hope that the study group assigned to undertake this monumental task would do so with utmost objectivity and sincerity of purpose. And we look forward to their recommendations which will hopefully lead to long-lasting, positive results.

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CENTRAL BANK READIES CREDIT PACKAGE FOR BUSINESS EXPANSION

Manila PHILIPPINES SUNDAY EXPRESS in English 13 Jun 82 p 12

[Text]

THE Central Bank has prepared a new credit line to provide funds to local firms planning that will expand operations to meet an expected business recovery by the third quarter of the year.

"As we anticipate the recovery of business activities in the future, the demand for foreign loans is likely to increase. In view of this, the CB has prepared a credit line for this purpose," Prime Minister Cesar Virata said in a speech before the Walkers' Club during the weekend. He did not elaborate.

He warned, however, that such optimism over business recovery may be dashed if the United States government fails to further reduce its projected 1983 budgetary deficit of about \$100 billion.

A huge deficit, he explained, will further increase interest rates abroad because the US government will be forced to finance this shortfall by borrowing heavily.

At any rate, Virata said that the country's ability to take advantage of the anticipated world economic recovery will depend largely on the successful implementation of government plans to make the industrial sector more efficient and less dependent on oil-generated power.

Virata also said that the country's overall effort to restructure the

economy, also depends on the industries' efficiency and on "our ability to generate export growth."

"Export generation is really a question of attracting foreign investment and ensuring that our local industries are efficient and competitive," he said.

He explained that local industries can only compete effectively against foreign products if they are less regulated and are exposed to fierce competition in a free market.

Towards this end, the government, as a first step, has allowed interest rates on loans and deposits to seek their own levels, he said.

A bolder move is the further reduction of rates on imported goods from the present average of 42 percent to 29 percent, he added.

Virata observed that "by lowering protectionist tariffs, our inefficient industries shall be forced to improve their operations, avail of modern technologies or perish from competition."

HONG KONG FIRM TO INVEST IN BATTERY PLANT

Manila PHILIPPINES DAILY EXPRESS in English 12 Jun 82 p 10

[Text] A MAJOR manufacturer of dry cell batteries in Hongkong will put up a P23-million factory at the export processing zone in Mariveles, Bataan, Deputy Trade Minister Gerardo Espina disclosed yesterday.

Espina, who is also administrator of the Export Processing Zone Authority, said that Mindex Battery Works Ltd. of Hongkong, decided to put up the factory in the zone to avail itself of excellent site facilities and cheap labor costs.

The firm's Bataan operations will be undertaken by Mindex Battery Works, local subsidiary.

According to Espina, Mindex will produce flashlight-type as well as button-type batteries that are used in calculators, toys and watches.

It is the first battery project approved by EPZA, he added.

...

MINDEX plans to export the output of its Bataan plant to existing markets in the United States, Europe, Middle East, Africa, and Asia. The factory will employ about 500 workers.

At the same time, Espina also announced that another company has signed up to operate at the Mariveles zone.

He identified the company as Jupiter International Corp. which will mass produce artificial silk flowers and foilage at the rate of about 300,000 dozens annually. The project will cost P3 million.

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## PHILIPPINES

### BRIEFS

**INFLATION RATE**--The government is confident it can bring down the country's inflation rate from 12.4 percent in 1981 to 11 percent this year. The Ministry of Finance said the government has adopted prudent monetary policies to attain this year's inflation rate target. It said the policies included the restructuring of the country's financial system, forced savings, and the availability of funds on a long-term basis. The ministry also cited the Central Bank's crackdown on the proliferation of small and specialized financial institutions, that paved the way for mergers among them. [Text] [HK270053 Manila Domestic Service in English 2300 GMT 26 Jun 82]

**DISSIDENTS KILLED**--Six dissidents, three of them Amazons, have been reported killed in an encounter with government troops Sunday [27 June] in Leon, Iloilo. Two of the Amazons killed in the city of Tabionan were identified by the PC [Philippine constabulary] as regional commander (Marie Elena Flores) alias commander (Rebin), and commander (Eping Calingbayan). The other casualties were not identified. The incident followed the firefight last Friday in (Tubunguan), Iloilo, with the killing of a dissident and the wounding of two others. An army soldier, Corporal (Onita Antonio), was killed in the same encounter. [Text] [OW301235 Quezon City RPN Television Network 1100 GMT 30 Jun 82]

**NPA MEMBERS KILLED**--Twelve NPA members have been killed in two separate battles with government troops in the Visayas and Mindanao. A report from North Cotabato PC command said a gunfight erupted between police and PC troopers and an NPA commander (Rondin) and 39 NPA followers in a Barangay in the town of (Makilala) last Saturday. Six dissidents were killed, 12 others captured, including 2 Amazons. In Iloilo, a 15-minute firefight at Barangay (Capacanan) in the town of (Leon) resulted in the killing of 6 dissidents. There were no reports of government casualties. [Text] [OW281337 Quezon City RPN Television Network in English 1100 GMT 28 Jun 82]

**WESTERN SAMAR CLASHES**--Army troopers and dissidents have clashed in Western Samar. Four dissidents including their commander were killed. Reports today from Camp Aguinaldo said the clash took place at Barangay (Avenue) in (Santa Magarita) town, Western Samar, last Saturday. No government trooper was wounded in the 15-minute firefight. Recovered from the bodies of the slain terrorists, including a commander (Ricky), were three shotguns, a pistol and several rounds of ammunition. [Text] [OW291307 Quezon City RPN Television Network in English 1100 GMT 29 Jun 82]

DEVELOPMENT GAINS--President Marcos has cited the development gains made by the country under what he calls a new and more dynamic political system. Disclosing this to World Bank officials gathered in Tokyo, the president cited in particular the Kilusang Kabuhayan at Kaunlaran livelihood program. The president said this program is now involving the people on productive projects in the countryside. The president's remarks were read for him by Prime Minister Cesar Virata, who is heading a top-level Philippine delegation attending the World Bank consultative group meeting. The president also said gains had been made in infrastructures, communications, industrial estates and electrification. [Text] [HK300043 Manila Far East Broadcasting Company in English 2330 GMT 29 Jun 82]

CSO: 4220/187

SINGAPORE

TRADE UNION WANTS BOYCOTT OF AUSTRALIAN GOODS

BK251415 Hong Kong AFP in English 1018 GMT 25 Jun 82

[Report by K.S.C. Pillai]

[Text] Singapore, 25 Jun (AFP).--Some 24 hours after Singapore's trade union chief issued a call for the boycott of Australian products and goods, all types of Australian goods were today still freely available in supermarkets operated by the trade union cooperative.

Secretary-general of the powerful 230,000-strong National Trades Union Congress Lim Chee Onn had said the first step in the boycott ~~could~~ be "to stop eating Australian apples and pears" but fruit stalls in the markets said their business had not been affected.

Mr Lim, who is also a minister without portfolio, called a press conference yesterday to announce the boycott as a protest against what he described as the "protectionist policy" of the Seamen's Union of Australia.

He strongly condemned the Seamen's Union of Australia (SUA) for its detention of a Singapore ship, "Pacific Viking," for 14 days on, what he called "frivolous grounds."

The Australian union had demanded that work costing some 85,000 Australian dollars (89,000 U.S.\$) be carried out on the ship to enhance its seaworthiness.

But Mr Lim said it had also demanded the provision of condiment holders, dartboard and darts, and more TV sets, which he said, had nothing to do with safety standards.

He roundly accused the SUA of holding up the Singapore ship in retaliation for the Australian authorities' decision to repair some of its naval ships in a Singapore yard recently.

An Australian High Commission (embassy) spokesman told AFP today that the boycott call was "very regrettable."



He said the SUA had insisted that their demands for work on the "Pacific Viking" had nothing to do with the Australian Navy's repair of its vessels in Singapore.

The union pointed out that the owner of ship had accepted the demands, which showed that conditions aboard the ship were not up to standard.

He said the repairs, now under way, had been delayed by an unrelated dock-workers strike.

Last year trade between Australia and Singapore totalled 2,977 million Singapore dollars and foodstuffs were Singapore's main import.

If the boycott call is finally taken seriously by consumers here, it is likely that Singapore importers, who are caught with large quantities of perishable goods, would suffer losses along with the Australian suppliers.

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SINGAPORE

BRIEFS

ATTACHE TO SAUDI ARABIA--Singapore, 2 Jun (AFP)--Singapore has stationed a commercial attache in Saudi Arabia to facilitate exports to the oil-rich shaykhdom, the BUSINESS TIMES reported today. The paper said Mr Adnan Ramly, a senior official of the Department of Trade, took up the post in mid-April. Mr Ramly is expected to assist local companies in providing trade information and obtaining Saudi sponsors. In an interview with the newspaper Mr Ramly said the Saudi Arabian market was very good as it was only slightly affected by the world recession. Moreover, the purchasing power of the average Saudi was very high. Mr Ramly identified construction materials, pumps and furniture as some of the items for which good demand existed in the Saudi market. He said construction materials would enjoy strong demand as numerous development projects were being carried out. [Text] [BK031307 Hong Kong AFP in English 0701 GMT 2 Jun 82]

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